

EXAMINER'S BANKING PRACTICES SURVEY

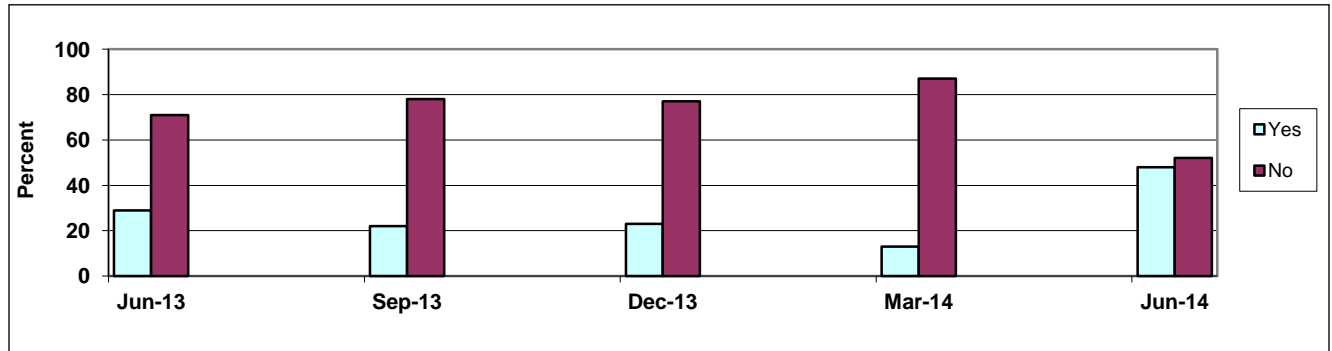
Second Quarter 2014

Division of Finance
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Second Quarter 2014** results are compiled from **21** responses.

LENDING

1. Since the last examination, has the institution significantly increased lending activity in any particular segment of the portfolio? "*Significantly*" means growth of 20% or more.



Of yes responses:

Loan Type	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14
RE/Const/Land Devel	10%	34%	0%	20%	16%
RE/Agricultural	20%	13%	13%	0%	5%
RE/Commercial/Indust	15%	0%	24%	0%	16%
RE/Residential	10%	13%	13%	0%	5%
Agricultural	20%	13%	37%	60%	16%
Commercial/Industrial	20%	20%	13%	20%	37%
Consumer	5%	7%	0%	0%	5%

2. Is the institution active in making the following types of loans?

	Sep-13		Dec-13		Mar-14		Jun-14	
	Yes 0%	No 100%	Yes 3%	No 97%	Yes 4%	No 96%	Yes 10%	No 90%
Of Yes Responses-Loan type								
Sub-prime/Predatory lending	0%		0%		100%		50%	
Dealer paper	0%		0%		0%		50%	
Low or No-doc bus. lending	0%		100%		0%		0%	
High LTV home eq. lending	0%		0%		0%		0%	

3. Is the bank offering below market interest rates or reduced fees to attract loans?

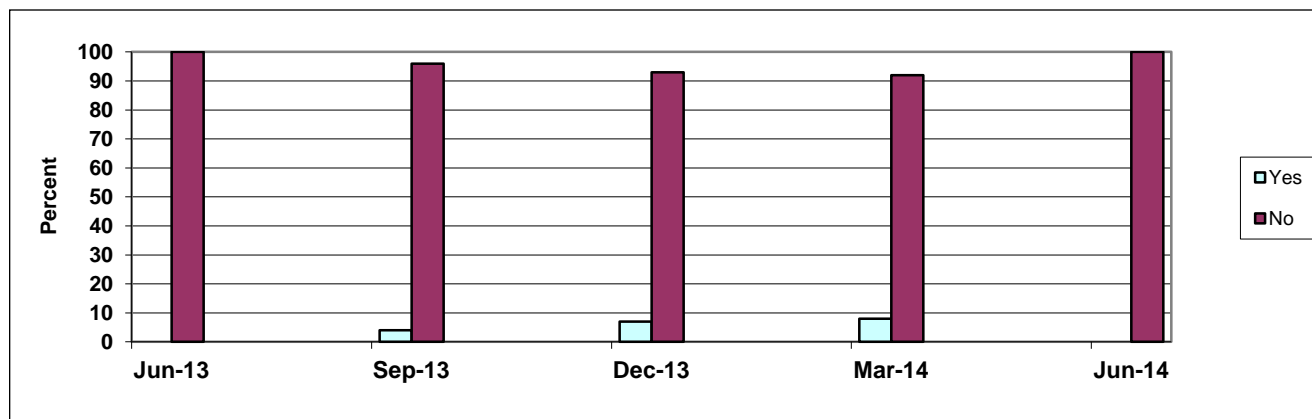
	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14
Yes	10%	0%	3%	8%	0%
No	90%	100%	97%	92%	100%

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4. Does the institution use credit scoring models for loan decisions?

	Sep-13		Dec-13		Mar-14		Jun-14	
	Yes 15%	No 85%	Yes 23%	No 77%	Yes 17%	No 83%	Yes 24%	No 76%
Of Yes Responses - Loan type								
Credit card	0%		13%		0%		30%	
Consumer	44%		25%		36%		40%	
Residential mortgage	44%		43%		36%		30%	
Small business	12%		13%		28%		0%	
Other	0%		6%		0%		0%	

5. Are there indications the bank is incurring "more-than-normal" risk to boost new loans?



Of yes responses:

	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14
Making collateral based loans?	0%	0%	20%	0%	0%
Reduced collateral margins?	0%	0%	0%	33%	0%
Not requiring cash flow projections?	0%	0%	40%	0%	0%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	0%	0%	20%	33%	0%
Waiving guarantees or other documentation?	0%	100%	20%	0%	0%
Other	0%	0%	0%	33%	0%

6. Describe potential risk in current underwriting practices for:

	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14
Agricultural Loans					
Minimal	90%	93%	90%	92%	95%
Moderate	10%	7%	10%	8%	5%
Substantial	0%	0%	0%	0%	0%
Commercial Loans					
Minimal	74%	74%	83%	83%	76%
Moderate	23%	26%	17%	17%	19%
Substantial	3%	0%	0%	0%	5%
Consumer Loans					
Minimal	87%	85%	90%	88%	86%
Moderate	10%	15%	10%	12%	14%
Substantial	3%	0%	0%	0%	0%
Residential Loans					
Minimal	87%	85%	90%	83%	86%
Moderate	10%	15%	7%	17%	14%
Substantial	3%	0%	3%	0%	0%

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7. Differences between actual lending practices and written policies are:

	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14
Agricultural Loans					
Minimal	100%	100%	93%	96%	100%
Moderate	0%	0%	7%	4%	0%
Substantial	0%	0%	0%	0%	0%
Commercial Loans					
Minimal	90%	93%	93%	92%	95%
Moderate	10%	7%	7%	8%	5%
Substantial	0%	0%	0%	0%	0%
Consumer Loans					
Minimal	93%	96%	97%	92%	100%
Moderate	7%	4%	3%	8%	0%
Substantial	0%	0%	0%	0%	0%
Residential Loans					
Minimal	97%	96%	93%	92%	95%
Moderate	3%	4%	7%	8%	5%
Substantial	0%	0%	0%	0%	0%

8. With regard to agricultural loans, describe the potential risk the bank faces from:

	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14
Carryover Debt					
Minimal	97%	85%	90%	100%	100%
Moderate	3%	15%	7%	0%	0%
Substantial	0%	0%	3%	0%	0%
Phase-out of Farm Subsidies					
Minimal	87%	93%	100%	96%	100%
Moderate	13%	7%	0%	4%	0%
Substantial	0%	0%	0%	0%	0%
Drop in Land Values					
Minimal	81%	85%	90%	88%	90%
Moderate	16%	15%	10%	12%	10%
Substantial	3%	0%	0%	0%	0%

9. Has the ratio of Total Adversely Classified Items/Tier 1 Capital & ALLL increased (+) or decreased (-) since the prior examination?

No. Banks with Inc/(Dec) in ratio (%)	Sep-13			Dec-13			Mar-14			Jun-14		
	+	19%	- 81%	+	20%	- 80%	+	29%	- 71%	+	38%	- 62%
Average Inc/(Dec) in Ratio		8.5	(16.1)		8.5	(19.0)		8.1	(13.2)		7.1	(11.1)
Cause of Increase												
Eased underwriting standards		0%			0%			0%			0%	
Deterioration in new loans		0%			11%			0%			0%	
Deterioration in older loans		83%			56%			78%			64%	
Participations or out-of-territory		0%			0%			0%			0%	
Economic conditions		0%			0%			22%			18%	
Changes in lending personnel		0%			11%			0%			0%	
New types of lending activity		0%			0%			0%			0%	
Other		17%			22%			0%			18%	

10. Estimate loan classifications at this examination into the following types:

Loan Type	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14
RE/Const/Land Development	15%	23%	21%	28%	23%
RE/Agriculture	3%	2%	5%	2%	4%
RE/Commercial/Industrial	54%	45%	42%	31%	42%
RE/Residential	15%	11%	17%	20%	14%
Agricultural	0%	2%	1%	0%	1%
Commercial/Industrial	10%	16%	11%	14%	14%
Consumer	3%	1%	3%	5%	2%

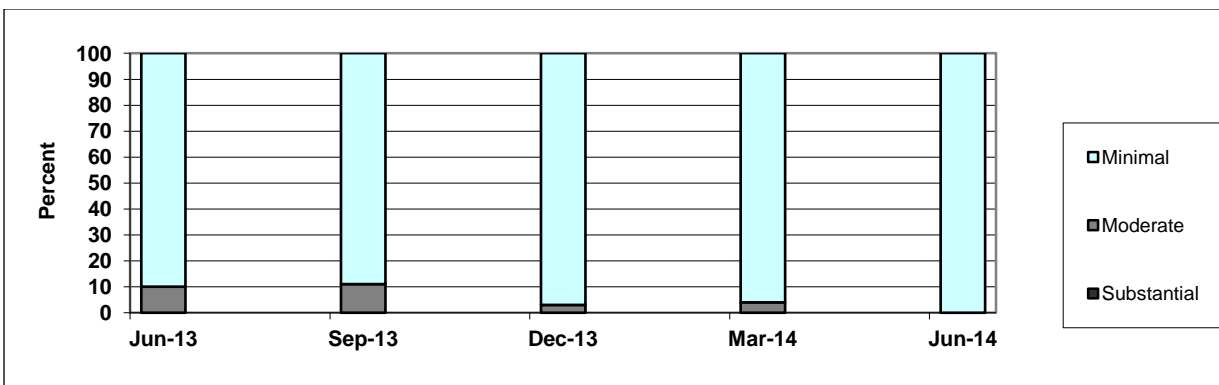
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INVESTMENTS

11. Since the last examination, has the institution purchased securities without understanding the characteristics of the issue?

	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14
Yes	0%	0%	7%	4%	0%
No	100%	100%	93%	96%	100%

12. Differences between actual investment practices and written policies are:



OTHER

13. Has the bank established a borrowing line with FHLB?

	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14
Yes	93%	93%	87%	92%	95%
No	7%	7%	13%	8%	5%
If yes, does the bank actively borrow from the FHLB?					
Yes	79%	64%	62%	64%	65%
No	21%	36%	38%	36%	35%

14. Does the bank hold off-balance sheet derivatives?

	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14
Yes	7%	11%	10%	8%	10%
No	93%	89%	90%	92%	90%

15. List nontraditional activity the institution is engaged in.

	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14
Yes	93%	100%	83%	100%	100%
No	7%	0%	17%	0%	0%
Of those that do:					
Nondeposit Investment Sales	17%	16%	14%	5%	17%
Insurance Sales	9%	7%	12%	7%	9%
Real Estate Loan Secondary Market Sales	33%	31%	24%	29%	28%
Non-transactional Web Site	3%	3%	0%	3%	0%
Transactional Web Site	37%	41%	50%	51%	46%
Other	1%	2%	0%	5%	0%